STATE OF WASHINGTON
HEALTH CARE AUTHORITY
626 8th Avenue, SE • P.O. Box 45502 • Olympia, Washington 98504-5502

December 8, 2014

Re: Request for Letters of Intent To Pursue Fully-Integrated Physical and Behavioral Healthcare by April, 2016 (i.e. Early Adopter)

In Washington, the State Health Care Innovation Plan (Healthier Washington), E2SHB 2572, and E2SSB 6312 provided the critical underpinnings of a transition towards regionalized Medicaid purchasing and a fully-integrated managed care system that provides physical health and behavioral health (i.e., mental health and substance abuse disorder) services on a statewide basis by January 1, 2020.

Senate Bill 6312 set forth two pathways to fully-integrated managed care by 2020, known as the Early Adopter and Behavioral Health Organization tracks.

- Beginning in 2016, *counties in Early Adopter Regional Service Areas (RSAs)* will adopt a purchasing model in which care for Medicaid beneficiaries is delivered through a contract between the Health Care Authority and Managed Care Organizations (MCOs) at risk for the full continuum of physical and behavioral health services, and where financing is leveraged to support the integrated delivery of whole-person care. Counties in these RSAs may share up to 10% of resulting state savings.

- Regions for which county authorities do not choose to pursue fully integrated purchasing will be working with the Department of Social and Health Services (DSHS) to form a Behavioral Health Organization (BHO) to manage mental health and substance use disorder services beginning in April 2016.

In order to meet procurement and rate-setting timelines, the HCA is **requesting a non-binding letter of intent from counties constituting a contiguous Regional Service Area by Friday, January 16, 2015, indicating their intent to pursue the Early Adopter pathway to fully-integrated managed care by April, 2016.** More information on how to submit a letter of intent is provided in Section III on Page 4. Criteria for Counties to opt-in to the Early Adopter track are provided in Section III on Page 3.

I. PURCHASING DESIGN IN EARLY ADOPTER REGIONAL SERVICE AREAS

With a common regional approach for Medicaid purchasing and the collaboration of community partners, Washington hopes to:

- Facilitate shared accountability within each Regional Service Area (RSA) for the health and well-being of its residents.

- Empower entities within a RSA to develop collaborative approaches to health transformation that are representative of community priorities, populations and environments and assess and capitalize on the strengths of the partners.
- Promote alignment of state services across the common region to reduce duplication and increase efficiency and effectiveness of service delivery.
- Evaluate and apply lessons learned throughout this process and maintain an evolutionary approach to this work.
- Support whole person care in which a continuum of comprehensive services is provided through one delivery system.

Beginning in April 2016, RSAs that choose to adopt full integration on the earlier timeline will have a single benefit package of mental health, chemical dependency and physical health care services delivered to Medicaid beneficiaries in that RSA via managed care plans. The following elements of the model design for Early Adopter RSAs have been established:

Covered Populations/Enrollment Design
The vast majority of Medicaid enrollees will be enrolled into fully integrated managed care plans, including all current Apple Health managed care enrollees. This includes:

- Apple Health for Adults (the Medicaid expansion new adult group);
- Apple Health for Parents, for Pregnant Women, and for Kids without Premiums;
- Apple Health for Kids with Premiums (the State Children's Health Insurance Program or CHIP);
- Apple Health for Blind/Disabled Persons;
  Home and Community-Based Service Waiver non-dual eligible Blind/Disabled enrollees

Payment mechanisms and provision of services for Tribal members and individuals who receive a limited benefit package are still in development. Consultation with Tribes is underway.

Criteria for Eligible MCOs/Evaluation Process
To meet federal requirements for choice, there must be a minimum of two managed care plans per region. MCOs will be awarded contracts based on a competitive procurement and evaluation process, and will be evaluated on factors such as cost, quality and network adequacy in the region.

To be eligible for a contract in an Early Adopter RSA, MCOs must be Washington state-licensed health carriers with an active certificate of authority issued by the Washington State Office of the Insurance Commissioner and have active Medicaid Apple Health contracts in 2015. In addition, each MCO must certify that the Applicant is not an excluded provider under System for Award Management Services under state or Federal law. MCOs must also meet quality, grievance and utilization management and care coordination standards and achieve NCQA accreditation by December, 2015.

MCOs selected for contracts will be required to meet network adequacy standards established by the HCA and to pass readiness review, including:

- Demonstrated ability to provide the full continuum of comprehensive services, including critical provider categories, such as primary care, pharmacy, mental health and substance use disorder treatment;

- Demonstration that the MCO's network is capable of ensuring continuity, comprehensive and close proximity of care to behavioral health services within the RSA and includes a sufficient number of providers to meet the needs of the population;

- Assurance that disruption in ongoing treatment regimens will not occur.

HCA will define a standard for an essential behavioral health provider network to ensure adequate access and continuity of care for patients in transition. MCOs will not be restricted by the geographic boundaries of the RSA in establishing an adequate provider network.

II. CRITERIA FOR PARTCIPATING COUNTIES

Early Adopter regions will be asked to meet the following criteria:

- County authorities are asked to submit a non-binding letter of intent to HCA by Friday, January 16, 2015. Information on how to submit a letter of intent is provided on page 4.

    - In multi-county RSAs, all counties in the RSA must agree to the decision to opt-in to the Early Adopter track; individual counties in an multi-county RSA cannot opt in or out of fully-integrated managed care;

- County authorities will be asked to formalize their commitment to the Early Adopter track in early summer 2015.

Additionally, we believe that our county and community partners are more informed than we are about local population-health needs. The success of fully integrated purchasing efforts will depend upon the active participation of a broad spectrum of community voices to successfully transform and integrate the system in partnership with the designated MCOs. And, we understand that our county partners have a distinct and unique accountability to their constituents, in ensuring a successful transition to fully-integrated managed care that safeguards against disruptions in care for Medicaid beneficiaries or cost-shifting to other county-managed social service systems.

For these reasons, a draft document provided in Appendix I titled *DRAFT Roles of ACH and/or County in Apple Health Purchasing*, describes potential roles and responsibilities of Counties and/or Accountable Communities of Health (ACHs) in purchasing and monitoring in Early Adopter regions, recognizing that the County and Tribal representatives will be the primary participants with the State in early discussions around design and procurement, as ACHs continue to be established in 2015.

Appendix I includes a proposal to establish an "Implementation Team" to serve as the primary mechanism for State-ACH/County communication, coordination and decision-making during the planning stage of the fully-integrated managed care program. *Participation on an Implementation Team is voluntary and encouraged, but not required* for a region to choose to become an Early Adopter.

III. HOW TO SUBMIT A LETTER OF INTENT

Letters of Intent must be submitted in an attachment (Microsoft Word or PDF file) by email to MaryAnne Lindeblad, Washington State Medicaid Director, at MaryAnne.Lindeblad@hca.wa.gov no later

than 5:00 PM Pacific Time on Friday, January 16, 2015. The Letter of Intent must be signed by the County authority. In multi-county RSAs the letter must be signed by all County authorities within the RSA. **These signatures represent the regions non-binding intent to pursue the Early Adopter pathway to fully-integrated managed care by April 2016.**

If the County authority encounters impediments in meeting the January 16, 2015 deadline to submit a Letter of Intent and would like to request an extension, or has questions regarding the Letter of Intent or Early Adopter track, please contact Isabel Jones at Isabel.Jones@hca.wa.gov.

Letters of Intent should include:

1. **Regional Description:** Please identify the name of the RSA you are submitting a Letter of Intent for, including a list of all the Counties in the RSA if the RSA is a multi-county RSA. A map of RSAs can be found in Appendix II.

2. **Intent to Pursue Early Adopter:** Please include an affirmative statement indicating the intent of every County in the RSA to opt-in to the Early Adopter track and pursue fully-integrated managed care by April, 2016.

3. **Expected Capacity for Engagement:** Please indicate the Counties' expected capacity for engagement. For example, do County officials intend to participate in the Implementation Team? Do the County officials expect to have capacity to continue monthly meetings with HCA and DSHS during the implementation period between now and April 2016? If necessary, do County officials have capacity to provide HCA with recommendations regarding the administration of non-Medicaid services in their region?

4. **Expected Timeline and Process for Formalizing Commitment:** Please briefly describe the process necessary for the County authority to formalize the commitment to the Early Adopter track, and the expected timeline necessary to formalize the commitment. For example, does the County require an ordinance be passed? Does the County Executive have authority, or will the County Council need to vote?

Your engagement continues to be essential to help HCA take steps towards implementing Washington's vision for a healthier Washington. Thank you for your ongoing efforts on behalf of Washington's Medicaid clients.

Sincerely,

MaryAnne Lindeblad
Medicaid Director
Health Care Authority

CC:
Washington State County Commissioners
Washington State County Council Members
Washington State County Executives

Regional Support Network Administrators
Apple Health Managed Care Organizations
Community of Health Grantees

APPENDIX I: DRAFT Roles of ACH and/or County in Early Adopter Regions

INTRODUCTION:

As Washington's Medicaid program aims to support high quality, whole-person care for a growing number of adults and families, it will demand greater partnership among the State and local governments, health systems, public education, public health and community based organizations. Washington has a long history of regional health improvement initiatives comprised of a number of these necessary partners. The State is taking advantage of this strong foundation and further supporting the development of Accountable Communities of Health (ACH) to create a more formal relationship with these multi-sector, regional health partnerships within each Regional Service Area (RSA).

Apple Health managed care will be purchased in one of two ways in 2016: in "Early Adopter" regions, medical benefits will be integrated with behavioral health benefits; in other RSAs, medical and behavioral health will be separately purchased.

This document uses the term "ACH/County" to refer to the transitional role of the Accountable Community of Health and the County in procurement and purchasing activities. This reference is in no way intended to indicate that county or counties are synonymous with ACHs. Counties hold the primary role in the decision to implement the integration of purchasing medical and behavioral health services by 2016. County and Tribal representatives will be the primary participants with the State in early discussions around design and procurement. As ACH partners are ready to accept responsibility for that role, HCA expects the partnership role to transition. Counties and Tribal representatives involved with the Early Adopter policy discussions are expected to inform and engage their future ACH partners in the process.

This document specifies the proposed relationship during the planning and design stages for Early Adopter regions between the HCA, the ACH/County and MCOs. In Early Adopter regions, a formal agreement will allow ACH/County representatives to participate actively in the design and development of integrated managed care as part of an Implementation Team. Local input will be needed in all RSAs but the roles will differ. A preliminary approach to ACH/County roles in monitoring and health system transformation that could apply in all RSAs (Early Adopter and non-Early Adopter) can be accessed at: http://www.hca.wa.gov/hw/Pages/integrated_purchasing.aspx

Table I of this appendix details proposed roles and responsibilities of the HCA, MCO and ACH/County in purchasing in Early Adopter regions, which includes proposed roles in monitoring, feedback and health system transformation that could apply in both Early Adopter and non-Early Adopter regions. The proposed role of the Implementation Team provided in Section 1 and 2 of this document applies in Early Adopter Regions only.

Role of ACH/County in Purchasing for Early Adopter Regions

1. Implementation Team in Early Adopter RSAs

The State proposes to form an Implementation Team to serve as the primary mechanism for State-ACH/County communication, coordination, and decision making during the planning stage of the Fully Integrated Managed Care program.

The members of the Implementation Team will include up to five State staff, and three to five individuals who represent a participating RSA, one of whom is reserved for a Tribal representative. The composition of the Implementation Team should evolve overtime to reflect the involvement and maturity of the ACH. Team members must certify that they are not aware of any issue which would reduce their ability to participate on the Implementation Team in an unbiased and objective matter, or which would place them in a position of real or apparent conflict of interest between their responsibilities as a member of the Implementation Team and other interests. Team members must not have material, personal, or financial relationship with any potential health plan seeking to provide services under contract to the health plans. For example, a County employee who could potentially be involved in provider contract negotiations with an MCO would have a conflict of interest and be unable to participate on the Implementation Team.

2. Project Design and Health Plan Selection in Early Adopter RSAs

One Implementation Team will exist per RSA that opts-in to the Early Adopter track. ACH/County members of the Implementation Team will be active participants in the development of the contract and RFP processes as follows:

1. Implementation team participants will participate in the development of contract language for the program through participation in review of draft contracts.
2. Implementation team participants will participate in the procurement review and selection process for the RSA they represent.
3. Implementation team participants will review data and information gathered through the health plan readiness assessment process, which may include the following:
    - Network analysis
    - Historical utilization and performance measures;
    - Quality program descriptions;
    - Coverage and authorization criteria for decision-making;
    - Action (denial), appeal and grievance business processes, such as policies and procedures; and
    - Enrollee rights policies/procedures.

Below is a table of the roles contemplated for HCA, each ACH/County, and each MCO. HCA will consult with Tribal Governments regarding the potential roles for Tribes in this process. A similar table outlining the potential roles in non-Early Adopter regions is in development.

Table I: DRAFT Roles of HCA, ACH/County, and MCOs in Early Adopter Regions

HCA	ACH/County	MCO

• Final accountability for contracts in all RSAs
• Oversight of MCO performance
• Collects data from MCOs and shares data with County/ACH
• Analyzes data or contracts for analysis
• Imposes sanctions for nonperformance
• Incentives for exceeding minimum performance
• Establishes "early warning system" for problems
• Inform and engage ACH/County where appropriate in opportunities to shape necessary changes/amendments to contracts to improve regional responsiveness
	• Determines whether to become Early Adopter (County)
	• In Early Adopter RSAs, designated members for Implementation Team to participate with HCA/DSHS in AH contracting activities including:
	  ○ Development of contract language for the fully-integrated managed care program
	  ○ Review of draft contracts
	  ○ Participation in the procurement review and selection process for the RSA they represent
	• Review data and information gathered through the health plan readiness assessment process
	• Participate in quality & performance monitoring
	• Creates mechanism for receiving performance data
	• Shares information with the state and MCO partners regarding findings based on regional health needs inventory/planning.
	• Partner with HCA and MCOs in RSA to develop contract requirements for health plans to participate jointly in planning for health transformation projects (ACH)
	• Participate in partnership with the MCO in one local health transformation project (ACH)
	• Alerts HCA as to health system issues at local level and makes recommendations for improvements
		• Determines which RSAs to bid on
		• Supplies network information in all RSAs
		• Supplies response to RFP in EA regions
		• Pass readiness review
		• Participates with ACH/County in improving health in RSA

APPENDIX II: RSA MAP